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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of

Implementation of Section 4(g) of the) MM Docket No. 93-8
Cable Television Consumer Protection)
and Competition Act of 1992)
Home Shopping Station Issues)

To the Commission:

OPPOSITION TO PETITION FOR RECONSIDERATION

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TABLE OF CONTENTS

	<u>Page</u>
Introduction.....	1
CSC Does Not Demonstrate that Broadcast of Commercial Matter Disserves the Public Interest.....	5
The Commission Cannot Premise a Decision on the Format of Stations' Public Affairs Programs.....	8
The Commission was Under No Obligation To Consider Formats Involving Less Home Shopping Programming.....	10
The Decision Is Not Invalidated by Ex Parte Communications.....	11
The Dingell Letter Is Not Controlling.....	12
Conclusion.....	14

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SUMMARY OF ARGUMENT

The Center for the Study of Commercialism ["CSC"] does not -- nor could it -- challenge the Commission's conclusions with respect to the three specified statutory factors. Instead, it collaterally attacks Television Deregulation.

CSC's plea for reimposition of commercial limits, however, is based solely upon a reflexive negative response to televised commercial matter rather than any reasoned analysis of its impact. Moreover, it comes in the wrong forum: Commission inquiry will revisit issues relating to commercialization.

CSC's related claim that the format of home shopping stations' public service programming precludes a public interest finding invites the Commission to engage in clearly prohibited regulation of television stations'

program formats. As such, it cannot support reconsideration.

CSC's request that the Commission consider alternative home shopping formats also would require prohibited program content regulation. Moreover, such action is unnecessary in light of the Commission's basic conclusion that home shopping stations as currently formatted can and do operate consistent with the public interest.

Contrary to CSC's assertions, the Report and Order is not tainted by ex parte communications. Many of the letters mentioned in Chairman Quello's Statement were properly in the record, and all merely reiterated arguments submitted elsewhere in the record and to which interested parties had a full opportunity to respond.

As to CSC's claims concerning consideration of Congressional statements, the Commission followed the language and intent of the statute. To the extent that Section 4(g)'s legislative history contains conflicting statements concerning its meaning and Congressional intent, the Commission properly used its interpretative discretion; CSC makes no showing that this discretion has been abused.

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Home Shopping Station Issues)

To the Commission:

OPPOSITION TO PETITION FOR RECONSIDERATION

Home Shopping Network, Inc. ["HSN"] submits
herewith its opposition to the petition for reconsideration
of the Commission's Report and Order in the above-captioned
proceeding^{1/} filed by the Center for the Study of
Commercialism ["CSC"].^{2/}

Introduction

The Notice of Proposed Rulemaking herein^{3/}
implemented Congress' direction that the Commission
determine whether home shopping stations are operating in

1/ Report and Order, MM Docket No. 93-8, FCC 93-345 (July 19, 1993) ["Report"].

2/ 58 Fed. Reg. 48368 (September 15, 1993).

3/ Notice of Proposed Rulemaking, MM Docket No. 93-8, 8 FCC Rcd 660 (1993) ["Notice"].

compliance with the public interest, convenience and necessity so that they are entitled to mandatory cable carriage. 47 U.S.C. § 533(g) ["Section 4(g)"]. After thorough consideration of a voluminous record, in which the "overwhelming majority" of comments supported must-carry status for home shopping stations, the Commission concluded that such stations do serve the public interest and hence qualify as local commercial television stations for purposes of mandatory cable carriage.^{4/}

This conclusion was supported by specific findings with respect to three factors mentioned by the statute. First, the Commission concluded that home shopping stations have significant viewership. Report at par. 6. Second, it held that competing spectrum demands are adequately resolved through the existing renewal system and the initial licensing process, finding that competing demand for spectrum used by home shopping television stations is "minimal." Id. at par. 12. Finally, the Commission concluded that "...home shopping broadcast stations play a role in providing competition for nonbroadcast services supplying similar programming." Id. at par. 23.

4/ Report at par. 2.

Additional public interest factors also supported the Commission's decision. The Commission revisited the assumptions supporting Television Deregulation^{5/} and determined that they continue to be valid, finding that "...the record clearly demonstrates that market forces have revealed a desire among a significant number of television viewers for home shopping programming." Report at par. 27. It also specifically found that "...home shopping stations provide an important service to viewers who either have difficulty obtaining or do not otherwise wish to purchase goods in a more traditional manner." Id. at par. 28.

The Commission also reviewed home shopping stations' record of public service and concluded that "...the chosen format of home shopping stations generally does not preclude them from adequately addressing the needs and interests of their communities of license." Id. at par. 32. Finally, it found that the availability of home shopping formats had facilitated minority television station ownership and that "...minority-controlled licensees of home shopping stations enhance the diversity of views and information available to the public." Id. at par. 34.

5/ Report and Order, MM Docket No. 83-670, 98 FCC 2d 1076 (1984) ["Television Deregulation"], recon. denied, Memorandum Opinion and Order, 104 FCC 2d 358 (1986), aff'd in part and remanded in part sub. nom., Action for Children's Television v. FCC, 821 F.2d 741 (D.C. Cir. 1987).

CSC -- virtually the only party to oppose home shopping stations' must-carry status and the only entity to seek reconsideration of the Report^{6/} -- submits nothing to indicate any error in the Report's conclusions. Instead, it simply repeats its earlier arguments which ask the Commission to reverse its public interest determination on the basis of CSC's general belief that broadcast of commercial material conflicts with the public interest. CSC also asks the Commission to premise reconsideration on a judgment concerning the format in which home shopping stations' public affairs programming is presented. Such action is clearly barred by the First Amendment and Section 326 of the Communications Act of 1934, as amended.

CSC also raises questions concerning the procedural propriety of the Commission's decision, attacking Chairman Quello's concurrence as having been based upon impermissible ex parte communications from members of the public.^{7/} However, the majority of the letters to which CSC refers were in fact placed in the record. More

6/ See FCC Public Notice, Report No. 1964 (September 9, 1993).

7/ Ironically, CSC also complains about the Commission's failure to accord dispositive weight to a letter from Congressman Dingell, which was also submitted after the close of, and was not included within the proceeding's record.

significantly, they were merely duplicative and particularized examples of general matters which were part of the record (and indeed are specifically referenced in the Commission's decision) and thus even if they could be considered ex parte, did not impermissibly taint the decision. Moreover, the issues with which those letters dealt involved but one minor and non-decisional aspect of the Report, and thus were immaterial to the rulemaking's resolution. CSC's ex parte claims thus do not affect the validity of the Commission's decision herein.^{8/}

CSC's petition, in short, presents no basis for the reconsideration which it requests.

CSC Does Not Demonstrate that Broadcast of
Commercial Matter Disserves the Public Interest

CSC does not challenge the Commission's conclusions with respect to the three specific factors whose consideration is prescribed by Section 4(g), conclusions which formed the basis of its decision to accord home shopping stations status as "local" stations for must-carry purposes. Instead, reflecting an emotional but still unsubstantiated dislike of broadcast commercial material,

8/ CSC also objects to the Commission's conclusion at paragraph 36 of the Report that home shopping stations will not automatically be disqualified from receiving a renewal expectancy. This objection is curious, in that the Commission discussed this issue specifically in response to CSC's own comments. It is likewise contrary to Congress' express instructions in Section 4(g).

CSC collaterally attacks the Report by again^{9/} in effect asking the Commission to reconsider its Television Deregulation decision to reimpose limits on the telecast of commercial matter.^{10/} The Report properly rejected CSC's initial request that the Commission do so, and CSC's petition for reconsideration affords no basis to change that result.^{11/}

9/ CSC continues to support this claim by reference to a colloquy involving Congressmen Dingell (not, as CSC erroneously states, Congressman Markey) and Eckart. However, as the principal sponsors of the Senate amendment which became Section 4(g) have noted, "...the House of Representatives had no hearings or debate on this matter [while] the Senate considered the issue extensively both in committee and on the Senate floor." Letter from Senator Bob Graham et al. to Chairman Quello, June 30, 1993. The Dingell-Eckart colloquy is but one small part of extensive legislative history. The controlling consideration is, however, the language of the statute itself. And that language does not compel or even permit the result CSC seeks.

10/ It should be noted in this regard that the Commission has recently initiated an inquiry to reevaluate the issue of television commercial limits. See Notice of Inquiry, MM Docket No. 93-254, FCC 93-459. That proceeding affords the appropriate forum for CSC to express its concerns, not this reconsideration proceeding.

11/ CSC claims at page 5 of its Petition that the Commission could not have foreseen that Television Deregulation would have resulted in adoption of home shopping formats. The Commission long ago rejected this assertion, noting that "HSN, with its unique programming fare, method of generating revenues, and operational approach, would appear to be the kind of innovative enterprise the Commission was encouraging in [Television Deregulation]." Home Shopping [Network] [sic], Inc., 4 FCC Rcd 2422, 2423 (1989).

CSC's position rests upon its belief that the broadcast of commercial matter, standing alone, is necessarily contrary to the public interest. This claim, in turn, is premised upon rote reiteration of now-invalid decisions supporting limitations on the amount of commercial matter which stations may broadcast.^{12/}

Significantly, neither those decisions nor CSC have ever even attempted any specific analysis, discussion or explanation of precisely why commercial matter is inconsistent with the public interest. What is inherently wrong, bad, or otherwise irreconcilable with the public interest about broadcast material which seeks to sell products or services? Why is it less consistent with the public interest for a station to air 55-1/2 minutes of commercial material in an hour than 55-1/2 minutes of a violent movie like "Rambo," an afternoon soap opera, a game show which urges contestants to win product prizes, or a talk show on sexually-oriented topics like "Geraldo?" What in the First Amendment would permit the Commission to

^{12/} CSC's reliance on concerns with commercialization which existed many years ago fails to reflect the changing standards applicable to broadcast programming. Much material now routinely available on the air would not have been acceptable twenty years ago. Similarly, the broadcast of commercial matter at a time when broadcasting was still relatively new and operated in a far less competitive atmosphere involved different societal values than exist today when advertising is virtually universal in its media presence.

determine that presentation of "Days of Our Lives," "Oprah Winfrey," "Heavyweight Wrestling" and "G.I. Joe" is more consistent with the public interest than presentation of HSN programming? How would such a determination be made or justified?

CSC has never answered these questions. It has never cited any studies which demonstrate adverse effects associated with the airing of commercial material to adults. In the case of violent programming, where there is substantial evidence of adverse societal consequences,^{13/} Congress has hesitated to engage in outright program regulation or restriction because of First Amendment concerns.^{14/} HSN respectfully submits that there should be even greater hesitation -- in fact, complete forbearance -- in the case of regulation of legitimate commercial material where there is absolutely no concrete evidence of adverse societal impact associated with its broadcast.

The Commission Cannot Premise a Decision
on the Format of Stations' Public Affairs Programs

CSC's principal substantive objection to the decision rests on its claim that the 4-1/2 minute format of

^{13/} See, e.g., "Violence on Television," Hearing before the Subcomm. on Crime and Criminal Justice of the House Committee on the Judiciary, 102d Cong., 2d Sess. (December 15, 1992).

^{14/} See, e.g., H.R. 2159, 103rd Cong., 1st Sess. (May 19, 1993).

much of home shopping stations' public service programming^{15/} does not serve the public interest. Significantly, CSC does not challenge the record's demonstration that the amount of public service programming aired by home shopping stations exceeds the only quantitative programming guidelines the Commission has adopted. Its only quarrel is with the format of that programming.

The Commission may not accept CSC's invitation to regulate program content. It is hornbook law that the Commission cannot become involved in decisions concerning matters such as stations' programming formats,^{16/} and CSC's objections to the effectiveness of home shopping stations' public service programming based solely upon its length^{17/} thus afford no basis for reconsideration of the Report.

15/ As the record reflects, home shopping stations also present public service programming in longer program lengths.

16/ See, e.g., FCC v. WNCN Listeners' Guild, 450 U.S. 582 (1981); WGBH Educational Foundation, 69 FCC 2d 1250 (1978); WPIX, Inc., 68 FCC 2d 381 (1978); Multi-Com, Inc., 72 FCC 2d 198 (1979); Kaye-Smith Enterprises, 71 FCC 2d 1402 (1979).

17/ The difficulties inherent in the distinctions CSC asks the Commission to draw are illustrated by CSC's own failure to suggest what length of public service programming might be effective. CSC likewise fails to suggest a constitutional justification for this type of content regulation.

The Commission was Under No Obligation
To Consider Formats Involving Less Home Shopping Programming

CSC also criticizes the Commission for failing to consider whether the benefits of home shopping formats (which CSC at last apparently concedes) could still be achieved if stations aired less home shopping programming.^{18/} This objection, however, fails to note that the Commission's decision principally relies on its findings as to Section 4(g)'s three specific criteria; the agency's ancillary finding of benefits afforded additional support for its decision but was not solely determinative of the ultimate result.

In any event, there was and is no requirement that, having determined that home shopping stations' current format permits satisfaction of public interest obligations, the Commission also consider other alternatives. The Commission found that Section 4(g)'s three factors supported must-carry rights for home shopping stations. It found that home shopping stations are serving the public interest through public service programming, the principal component of stations' public interest obligations. That it also acknowledged ancillary minority and related ownership benefits in addition to these findings does not require any

^{18/} CSC does not suggest what level of programming might accomplish this goal or how the Commission would make such a determination.

determination that similar benefits could have been achieved under different program formats. The issue on which CSC requests reconsideration was not a decisional issue herein.

The Decision Is Not Invalidated by
Ex Parte Communications

CSC also charges that Chairman Quello's vote was based on impermissible ex parte communications. This assertion, in turn, is premised upon the references in Chairman Quello's Separate Statement^{19/} to a number of letters from members of the public which "...urged us to find that home shopping stations serve the public interest in the same way as broadcasters with more traditional formats -- by providing information vital to their communities."^{20/} In that regard, the letters simply amplify information which was already in the record in formal comment submissions^{21/} to which CSC had ample opportunity to, and did, reply.

^{19/} These letters were also mentioned in Commissioner Duggan's Dissenting Statement.

^{20/} Many of the referenced letters were in fact placed in the record on June 29, 1993, identified as ex parte communications. It should be noted that CSC also filed an ex parte communication on June 30, 1993.

^{21/} See, e.g., the Comments of the various Silver King Communications, Inc. owned and operated stations; Comments of HSN.

Chairman Quello also quotes several individual letters which gave specific examples of the way in which home shopping stations afford alternatives to cable home shopping services and other retailers. Again, those letters merely duplicate or particularize claims already in the record from other parties. CSC thus had notice of and the opportunity to address them (it did not, see Report, par. 28).

In short, Chairman Quello's references to letters received from members of the public did no more than indicate the existence of additional material which merely supported information which was already in the record and which could have been addressed by the parties. CSC's claims of impermissible ex parte influence afford no basis for reconsideration.

The Dingell Letter Is Not Controlling

CSC's final claim for reconsideration is based on its assertion that Chairman Dingell's June 22, 1993, letter to Chairman Quello should have controlled the Commission's decision.^{22/} That letter, written post-enactment by a single, albeit important and influential, Congressman, is

^{22/} CSC cites no authority for its apparent belief that every communication from Congress must be specifically considered in Commission rulemaking decisions. It should be noted that Chairman Dingell's interpretation of the statute -- that urged by CSC -- was in fact considered but rejected by the Commission.

but one part of the voluminous and often conflicting legislative history of the 1992 Cable Act in general and Section 4(g), in particular. It is well established, however, that the Commission has wide latitude in interpreting its statutory mandate, and that in the absence of a gross abuse of discretion or disregard for specific statutory language, that latitude is accorded significant deference.^{23/} Further, while legislative history may afford some guidance as to Congressional intent, a single post-enactment letter does not constitute controlling interpretative material.^{24/} Indeed, other members of Congress, concluding Congressman Towns, Congressman Hughes, Congresswoman Brown, also submitted letters reflecting

23/ See, e.g., Orange Park Florida TV, Inc. v. FCC, 811 F.2d 664 (D.C. Cir. 1987); City of New York Municipal Broadcasting System v. FCC, 744 F. 2d 827 (D.C. Cir. 1984), cert. denied, 470 U.S. 1084; National Railroad Passenger Corp. v. Boston and Maine Corp., 112 S. Ct. 1394 (1992); Rivera-Cruz v. INS, 948 F.2d 962, reh. denied, 954 F.2d 723 (5th Cir. 1991).

24/ See, e.g., Sutherland on Statutory Construction (5th ed., 1992) § 48.10 ["...committee statements made after the statute has been passed cannot retroactively provide legislative history or an interpretation contrary to the intent at the time of enactment."]; § 48.16 ["...postenactment statements made by a legislator as to legislative intent do not become part of the legislative history of the original enactment."].

different views of Congressional intent.^{25/} There are, in short, divergent Congressional views of the legislation. And it is the Commission's role to finally interpret those views.

CSC makes no showing that the Commission's decision offends the Cable Act's statutory language or otherwise represents an abuse of the Commission's interpretative discretion. Chairman Dingell's position is but one of many possible interpretations of the legislation and although it was undoubtedly considered by the Commission, it need not be the only one.

Conclusion

CSC's Petition for Reconsideration simply continues its unsupported campaign against stations having a home shopping format. It presents absolutely no basis for a change in the rules adopted by the Report.

Home Shopping Network, Inc. therefore respectfully requests the Commission to affirm its Report and Order

^{25/} CSC makes no showing why the FCC should ignore these equally valid Congressional views.

- 15 -

herein in all respects and to dismiss CSC's petition for reconsideration.

Respectfully submitted,

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September 30, 1993

CERTIFICATE OF SERVICE

This will certify that a complete copy of the foregoing "Opposition to Petition for Reconsideration" was sent this 30th day of September, 1993, via first class United States mail, postage prepaid, to the following:

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September 30, 1993